

TABLE OF CONTENTS

	<u>PAGE</u>
CHAPTER 1 INTRODUCTION TO THE GUIDEBOOK	
1.1	Purpose and Organization of Guidebook 1-1
1.2	Background and Key Events in the History of the Tenant-Based Housing Programs 1-1
	United States Housing Act of 1937 1-1
	Section 23 Leased Housing Program 1-2
	Housing Act of 1968 1-2
	Experimental Housing Allowance Program (EHAP) 1-2
	The Housing and Community Development Act of 1974 1-3
	The Section 8 Existing Housing Program 1-3
	Rental Voucher Program 1-4
	The Conforming Rules to Combine the Certificate and Voucher Programs 1-4
	The Quality Housing and Work Responsibility Act of 1998 (QHWRA) and Merger of the Certificate and Voucher Programs 1-4
1.3	Conversion from the Rental Certificate and Rental Voucher Programs to the Housing Choice Voucher Program 1-5
1.4	Applying to HUD for Additional Housing Choice Voucher Assistance 1-5
	Funding to Assist Special Categories of Families to be Selected from the PHA Waiting List 1-6
	Funding to Assist Families Who Are Not on the PHA Waiting List: Special Admissions 1-7
1.5	The Section 8 Management Assessment Program (SEMAP) 1-9
1.6	Roles and Responsibilities of Key Housing Choice Voucher Program Players 1-11
	Role of HUD 1-13
	Role of the PHA 1-13
	Role of the Owner 1-14
	Role of the Family 1-14
CHAPTER 2 EXPANDING HOUSING OPPORTUNITIES AND MOBILITY	
2.1	Overview 2-1
2.2	Program Requirements 2-2
2.3	SEMAP Requirements 2-2
2.4	Outreach to Owners 2-4
2.5	Provide Information on Neighborhoods to Families 2-6
2.6	Briefings for Program Applicants 2-7
2.7	Information Packets 2-8
2.8	Portability and Area Mobility Plans 2-9
2.9	Additional Services for Housing Choice Voucher Holders to Promote Opportunity Moves 2-10

TABLE OF CONTENTS

	<u>PAGE</u>
CHAPTER 3 PROGRAM PLANS	
3.1	Chapter Overview
3.2	Housing Choice Voucher Program Administrative Plan.....
3.3	PHA Plan
Submission of the PHA Plan.....	3-6
The Five-Year Plan.....	3-7
The Annual Plan	3-7
Resident Advisory Board.....	3-8
3.4	Related SEMAP Indicators
CHAPTER 4 WAITING LIST AND TENANT SELECTION	
4.1	Chapter Overview
4.2	Opening the Waiting List.....
Fair Housing Requirements	4-2
4.3	Conducting Outreach to Families
Closing the Waiting List	4-4
4.5	Purging/Updating a Waiting List
Importance of Purging	4-5
Fair Housing Requirements	4-6
4.6	Maintaining the Waiting List.....
Analyzing the Waiting List.....	4-9
4.7	Maintaining Waiting List Documentation
4.8	Accepting Applications.....
Fair Housing Requirements	4-11
4.9	Processing Applications and Application Content
4.10	PHA Selection Preferences
4.11	Selection from the Waiting List
4.12	Income Targeting Requirements.....
PHA Considerations.....	4-20
4.13	Special Admissions/Non-Waiting List Admissions.....
Background	4-21
4.14	SEMAP Indicator 1, Selection from the Waiting List
CHAPTER 5 ELIGIBILITY AND DENIAL OF ASSISTANCE	
5.1	Chapter Overview
5.2	Eligibility Requirements
Definition of Family	5-1
Income Limits	5-2
Applying Income Limits	5-3
Citizenship Status.....	5-3
Other Required Information.....	5-12

TABLE OF CONTENTS

	<u>PAGE</u>
5.3 Annual Income.....	5-13
Overview.....	5-13
Definition of Annual Income	5-13
Elements of Annual Income.....	5-18
5.4 Determining Income from Assets	5-24
Additional Guidance on Calculating The Value of Assets and Income from Assets	5-26
5.5 Adjusted Income	5-28
Definition of Adjusted Income	5-28
Dependent Allowance.....	5-29
Elderly or Disabled Household Allowance.....	5-29
Child Care Allowance.....	5-29
Allowance for Disability Assistance Expense	5-30
Allowance for Medical Expenses	5-31
Special Calculation for Households Eligible for Disability Assistance and Medical Expenses.....	5-32
5.6 Verification of Factors Affecting Eligibility and Family Rent.....	5-34
5.7 Denial of Assistance	5-35
Crime by Family Members	5-37
PHA Discretion to Consider Circumstances.....	5-38
5.8 Screening.....	5-38
Screening by the PHA.....	5-40
5.9 Determination of Unit Size Requirements	5-41
5.10 Non-Discrimination and Equal Opportunity Requirements	5-42
Section 504 Requirements	5-44

CHAPTER 6 CALCULATING RENT AND HAP PAYMENTS

6.1 Chapter Overview	6-1
6.2 Information the Applicant or Participant is Given at Housing Choice Voucher Issuance.....	6-1
Minimum and Maximum Tenant Contributions to Housing Costs	6-1
Total Housing Costs.....	6-3
6.3 Calculations Completed Following Unit Selection.....	6-4
HAP Subsidy.....	6-4
Family Share	6-5
Impact of Unit Selection on Subsidy	6-6
Family Rent to Owner.....	6-6
Utility Reimbursement.....	6-6
Prorated Assistance	6-6
6.4 Minimum Rent	6-7

TABLE OF CONTENTS

	<u>PAGE</u>
CHAPTER 7 PAYMENT STANDARDS	
7.1	Chapter Overview
7.2	Establishing Payment Standard Amounts.....
	Payment Standard Amounts within the Basic Range
	Payment Standard Amounts Based on the 50th Percentile FMR:
	Housing Choice.....
	Payment Standard Amounts Based on the 50th Percentile Rent:
	Success Rate.....
	Requesting HUD Approval of Exception Payment Standard Amounts
	Requesting HUD Approval of Exception Payment Standard Amounts over 120 percent of the FMR
	Establishing the Payment Standard Schedule
7.3	Revising the Payment Standard
	Annual Review of Payment Standard Amounts
	Lowering the Payment Standard Amount.....
	File Documentation.....
7.4	Applying the Payment Standard
	Payment Standard Amount for a Family
	When the Payment Standard Increases
	When the Payment Standard Decreases.....
	Higher Payment Standard Amount as a Reasonable Accommodation.....
7.5	Related SEMAP Indicators.....
CHAPTER 8 HOUSING SEARCH AND LEASING	
8.1	Chapter Overview
8.2	Briefings.....
	Introduction.....
	Briefing Topics
	Section 504 Requirements
	Other Briefing Topics
	Contents of Briefing Packet.....
	Briefing Attendance, Length, Location, and Time
8.3	Voucher Issuance
	Introduction.....
	Overissuance
	When to Issue.....
8.4	Family Obligations.....
8.5	Search Time, Extensions, and Voucher Expirations.....
	Extensions of Search Time
	Voucher TermExpiration
	Suspension of Search Time.....
	Fair Housing Requirements

TABLE OF CONTENTS

	<u>PAGE</u>
8.6 Assistance to Families during the Housing Search.....	8-14
8.7 Request for Tenancy Approval	8-15
8.8 PHA Approval of the Tenancy	8-15
Eligible Units	8-16
Unit Meets HQS.....	8-17
Rent Reasonableness.....	8-18
Notification to Owner and Family	8-18
8.9 PHA Disapproval of Owner.....	8-18
Owners Disapproved by HUD	8-18
Leases Between Relatives.....	8-19
Conflicts of Interest.....	8-19
PHA Discretion to Disapprove Owners	8-19
8.10 Tenant Screening	8-20
8.11 Lease and Tenancy.....	8-21
8.12 Term of Assisted Tenancy	8-22
8.13 Maintaining Data on Issuance, Search Time, and Success Rates	8-22

CHAPTER 9 RENT REASONABILITY

9.1 Chapter Overview	9-1
9.2 Program Requirements.....	9-1
When Rent Reasonableness Determinations are Required	9-1
Comparability	9-2
Rent Control.....	9-2
Owner Certification of Rents Charged for Other Units	9-3
Documenting the Rent Reasonableness Decision.....	9-3
9.3 Developing and Maintaining a Database of Unassisted Units.....	9-3
Identifying the Population of Rental Units	9-3
Utilizing Existing Studies and Databases	9-3
Creating a Database	9-4
Sources of Rental Information on Vacant Units	9-5
Updating the Database	9-7
9.4 Collecting the Needed Data on Program Units.....	9-8
9.5 Making and Documenting the Rent Reasonableness Determination.....	9-8
Point and “Dollars Per Feature” Systems	9-9
Compare to Specific Units	9-9
Value of Accessibility	9-11
Units with Other Forms of Subsidy	9-11
9.6 Staffing the Rent Reasonableness Function.....	9-11
9.7 Quality Control	9-11
9.8 SEMAP	9-12

TABLE OF CONTENTS

	<u>PAGE</u>	
CHAPTER 10 HOUSING QUALITY STANDARDS		
10.1	Chapter Overview 10-1	
10.2	Housing Quality Standards General Requirements 10-1	
10.3	Performance Requirements and Acceptability Standards 10-3	
Sanitary Facilities.....	10-3	
Food Preparation and Refuse Disposal.....	10-4	
Space and Security.....	10-6	
Thermal Environment	10-7	
Illumination and Electricity	10-8	
Structure and Materials	10-9	
Interior Air Quality	10-10	
Water Supply	10-11	
Lead-Based Paint	10-11	
Access	10-12	
Site and Neighborhood	10-13	
Sanitary Condition	10-13	
Smoke Detectors	10-14	
10.4	Lead-Based Paint Requirements and Responsibilities..... 10-15	
Regulation Background	10-15	
Exempt Units	10-16	
Basic Lead-Based Paint Requirements	10-16	
10.5	Notification and Disclosure of Lead-Based Paint Hazards Prior to Occupancy 10-17	
Visual Assessment for Deteriorated Paint	10-17	
Stabilization of Deteriorated Paint Surfaces	10-18	
Requirements for Children with Environmental Intervention		
Blood Lead Level.....	10-20	
Ongoing Maintenance	10-21	
PHA Data Collection and Record Keeping	10-22	
10.6	HQS Inspection Processes and Procedures..... 10-23	
Scheduling Inspections	10-23	
Automated Inspection Systems.....	10-24	
Initial Inspection Process and Procedure	10-25	
Annual Inspection Process and Procedure	10-27	
10.7	Complaint Inspections	
Abatement of Payments	10-28	
Termination of HAP Contract.....	10-29	
Termination of Assistance	10-30	
Special Inspection Process and Procedure	10-30	
10.8	PHA-Owned Units	10-30

TABLE OF CONTENTS

	<u>PAGE</u>
10.9 SEMAP Indicators Related to Inspections and HQS	10-31
Indicator 2, Rent Reasonableness	10-32
Indicator 5, HQS Quality Control Inspections.....	10-32
Indicator 6, HQS Enforcement	10-33
Indicator 11, Pre-Contract Inspections	10-35
Indicator 12, Annual Inspections	10-35

CHAPTER 11 HOUSING ASSISTANCE PAYMENTS (HAP) CONTRACTS

11.1 Chapter Overview	11-1
11.2 Owner Approvals	11-1
Debarment and Other Causes for Disapproval	11-1
Conflicts of Interest.....	11-2
11.3 Term of HAP Contract.....	11-4
11.4 Payment to Owner.....	11-5
Distribution of Housing Assistance Payment	11-6
Stopping the Housing Assistance Payment.....	11-6
Penalties for Late Payment of HAP	11-6
Processing Housing Assistance Payments	11-7
11.5 Contents of HAP Contract	11-10
Part A: Contract Information	11-10
Part B: Body of Contract.....	11-11
Part C: Tenancy Addendum.....	11-14
11.6 HAP Contract Execution and Time Limits	11-14
11.7 Changes Requiring New HAP Contract	11-17
11.8 Owner Responsibilities	11-17
11.9 Owner Breach of HAP Contract	11-17
11.10 Change in Ownership.....	11-18
11.11 Record-Keeping Requirements.....	11-19
11.12 Internal Revenue Service (IRS) Reporting Requirements	11-19
11.13 SEMAP Indicator 11, Pre-Contract HQS Inspections	11-19

CHAPTER 12 REEXAMINATIONS

12.1 Chapter Overview	12-1
12.2 Frequency of Annual Reexaminations.....	12-1
12.3 Monitoring	12-1
12.4 Reexamination Procedures.....	12-2
Notification to Participant that the Annual Reexamination is Due.....	12-2
Reexamination Documents	12-3
Third Party Verifications	12-4
Calculation of Total Tenant Payment and Housing Assistance Payment.....	12-5
Notification of Annual Reexamination Results	12-6
Families Ineligible for Continued Assistance	12-6
Applying a Different Payment Standard.....	12-6

TABLE OF CONTENTS

	<u>PAGE</u>
12.5 Increases in Rent to Owner	12-8
12.6 Interim Reexamination.....	12-9
Interim Reporting Policies	12-9
Notification Requirements	12-10
12.6 Related SEMAP Indicators	12-10

CHAPTER 13 PORTABILITY

13.1 Chapter Overview	13-1
13.2 Providing the Family Information About Portability	13-1
13.3 Determining Family Eligibility.....	13-2
Program Requirements for Families New to the Housing Voucher Program	13-2
Program Requirements for Participant Families.....	13-2
13.4 Initial PHA Responsibilities	13-3
13.5 Receiving PHA Responsibilities.....	13-5
Decision to Absorb or Administer	13-5
The Family's Search	13-7
Annual and On-Going Activities	13-8
Portability Billing.....	13-9
13.6 Related SEMAP Indicators	13-10

CHAPTER 14 CONVERSION OF CERTIFICATES AND VOUCHERS TO HOUSING CHOICE VOUCHERS

14.1 Chapter Overview	14-1
14.2 Conversion Activities for Families Assisted on October 1, 1999, Who Remain in Their Units throughout the Transition Period.....	14-1
Pre-Merger Vouchers (Rental Vouchers)	14-1
Over-FMR Tenancy Option (OFTO) Certificates	14-2
Execution of Housing Choice Voucher HAP Contracts on Behalf of Pre-Merger Vouchers and OFTO Certificates	14-2
Application of Payment Standards.....	14-2
Rental Certificates.....	14-3
14.3 Application of Other Rules to Conversions of Assistance to Housing Choice Vouchers	14-4
Maximum Initial Rent Burden	14-4
Renting to Relatives	14-4
Effect on Owner Ability to Submit Claims for Unpaid Rent, Damages and Vacancy Loss for Conversion of Pre-1995 HAP Contracts to Housing Choice Vouchers	14-5
14.4 MTCS and Other Software Modifications	14-5

TABLE OF CONTENTS

	<u>PAGE</u>
CHAPTER 15 TERMINATIONS OF ASSISTANCE AND HAP CONTRACTS	
15.1	Chapter Overview 15-1
15.2	Termination of Tenancy 15-1
Termination of Tenancy by the Family	..... 15-1
Termination of Tenancy by the Owner	..... 15-1
15.3	HAP Contract Terminations 15-3
Automatic Termination	..... 15-3
PHA Terminations of HAP Contract	..... 15-4
15.4	PHA Termination of Assistance for Family 15-5
When the PHA is Required to Terminate Assistance	..... 15-5
CHAPTER 16 INFORMAL REVIEWS AND HEARINGS	
16.1	Chapter Overview 16-1
16.2	Notice of Rights 16-1
16.3	Circumstances Which Require the Offer of an Informal Review or Hearing. 16-1
Hearings to Consider a Determination of Ineligible Immigration Status	..... 16-3
16.4	Timing of Informal Hearings 16-3
16.5	Informal Review or Hearing Process 16-3
Informal Review Process	..... 16-3
Informal Hearing Process	..... 16-4
Representation and Evidence	..... 16-5
CHAPTER 17 SPECIAL HOUSING TYPES	
17.1.	Chapter Overview 17-1
17.2.	Single Room Occupancy Facilities 17-1
Description	..... 17-1
Occupancy	..... 17-2
HQS	..... 17-2
Payment Standard and HAP Calculation	..... 17-3
17.3.	Congregate Housing 17-3
Description	..... 17-3
Occupancy	..... 17-3
HQS	..... 17-3
Payment Standard and HAP Calculation	..... 17-4
17.4.	Group Homes 17-4
Description	..... 17-4
Occupancy	..... 17-4
HQS	..... 17-4
Payment Standard and HAP Calculation	..... 17-5

TABLE OF CONTENTS

	<u>PAGE</u>
17.5. Shared Housing	17-7
Description	17-7
Occupancy.....	17-7
HQS.....	17-7
Payment Standard and HAP Calculation	17-8
17.6. Cooperative Housing	17-9
Description	17-9
Occupancy.....	17-9
HQS.....	17-10
Payment Standard and HAP Calculation	17-10
17.7. Manufactured Homes	17-10
Description	17-10
Occupancy.....	17-10
HQS.....	17-10
Payment Standard and HAP Calculation	17-11
17.8. Manufactured Home Space Rental	17-11
Description	17-11
Occupancy.....	17-11
HQS.....	17-11
Payment Standard and HAP Calculation	17-12

CHAPTER 18 ALLOWANCES FOR UTILITIES AND OTHER SERVICES

18.1 Chapter Overview	18-1
18.2 Program Requirements for the Utility Allowance Schedule.....	18-1
18.3 Establishing a Utility Allowance Schedule.....	18-4
Average Consumption Data.....	18-4
Allowances by Unit Size.....	18-5
Calculating a Utility Allowance.....	18-6
Utility Rate Schedules.....	18-6
Ranges and Refrigerators	18-7
Other Utilities and Services	18-7
18.4 Using the Utility Allowance Schedule.....	18-7
18.5 Using a Higher Utility Allowance as a Reasonable Accommodation	18-8
18.6 Reviewing and Revising Utility Allowances	18-9
18.7 Related SEMAP Indicators	18-9

CHAPTER 19 HUD REPORTING REQUIREMENTS, PHA INTERNAL MONITORING REQUIREMENTS

19.1 Chapter Overview	19-1
19.2 Multifamily Tenant Characteristics System (MTCS) reporting	19-1
Accessing MTCS Reports through the Internet.....	19-3
19.3 Managing SEMAP	19-5
19.4 Managing by the Numbers.....	19-5

TABLE OF CONTENTS

	<u>PAGE</u>
19.5 Processing Time Frames	19-6
19.6 Program Outreach and Waiting List Management	19-7
19.7 Income and Eligibility Verifications and Subsidy Calculations	19-10
19.8 Analyzing the Leasing Process	19-11
19.9 Annual HQS Inspection Effectiveness and Compliance	19-12
19.10 Annual Reexaminations Completion	19-13
19.11 Monthly Reporting.....	19-13

CHAPTER 20 FINANCIAL MANAGEMENT

20.1 Chapter Overview	20-1
20.2 Financial Management Requirements.....	20-1
20.3 Budgeting.....	20-2
Estimating Housing Assistance Payments	20-2
Estimating Fee Earnings	20-3
Counseling Fees	20-5
Estimating Audit Costs	20-6
Total Annual Contributions Required.....	20-6
Calculating Annual Budget Authority	20-6
Funding Increment.....	20-12
Annual Contributions Required – 2000	20-12
20.4 Excess Annual Budget Authority and the ACC Program Reserve	20-13
Permissible Uses of ACC Program Reserves	20-14
20.5 Monitoring Utilization	20-16
Factors Affecting Utilization	20-17
Funding Based Upon Historical Per-Unit Cost.....	20-18
Effect of Increasing the Payment Standard.....	20-18
Budgeting and Monitoring Utilization.....	20-20
Leasing Worksheet.....	20-20
20.6 Projecting Administrative Expenses	20-22
Audit Cost Reimbursement.....	20-22
20.7 Books of Account	20-23
20.8 Portability Accounting	20-24
20.9 Accounting For Tenant and Owner Fraud	20-25
20.10 Interest Earnings on Administrative Fee Reserve vs Interest	
Earnings on General Funds.....	20-26
Interest Earned on General Fund Investments (Account 3610):.....	20-26
Interest Earned on Administrative Reserve (Account 3300)	20-27
20.11 Year-end Reconciliation	20-27
20.12 HUD-Required Financial and Budget Documents	20-28
Form HUD-52672 – Supporting Data for Annual Contributions	
Estimates.....	20-28
Form HUD-52673, Estimate of Total Required Annual Contributions.....	20-28
Form HUD-52663, Requisition for Partial Payment of Annual	
Contributions.....	20-28

TABLE OF CONTENTS

	<u>PAGE</u>
Form HUD-52681, Voucher for Payment of Annual Contributions and Operating Statement.....	20-29
Form HUD-52595, Balance Sheet	20-29
GAAP-Based Financial Data Schedule and Data Collection Form.....	20-29
20.13 Internal Financial Reports.....	20-30

CHAPTER 21 PROGRAM STAFFING

21.1 Overview.....	21-2
21.2 Key Factors Affecting Staffing Requirements.....	21-3
Program Growth.....	21-3
Job Design: Generalist versus Specialist	21-3
Examples of Job Specialization	21-4
Caseloads	21-6
Other Factors in Assignment of Work	21-6
Geographic Size of the Jurisdiction	21-6
Administrative Policies	21-8
Local Housing Market and Program Clientele	21-10
Special Program Allocations.....	21-12
21.3 Program Size and Organizational Structure.....	21-12
21.4 Overall Staffing Levels	21-18

CHAPTER 22 PROGRAM INTEGRITY

22.1 Introduction.....	22-1
22.2 Distinguishing Between Errors or Omissions and Fraud and Abuse.....	22-1
22.3 Preventing and Detecting Errors, Omissions, Fraud, and Abuse.....	22-3
Verification by PHA Staff	22-3
HUD Computer Matching Income Verification	22-4
Establish Quality Control Procedures	22-5
Provide Adequate Training to Staff and Monitor Performance.....	22-7
Formalize Administrative Procedures and Monitor Staff Compliance.....	22-7
Improve Quality of PHA Communications with Families and Owners	22-8
Review Family History Prior to Interim or Annual Recertification	22-9
Identify and Monitor “At Risk” Families	22-10
Conduct Special Marketing to Promote PHA’s Intent to Eliminate Program Abuse.....	22-10
Rotate Staff Assignments and Caseloads.....	22-10
Careful Design of Participant Interim Reporting Requirements.....	22-10
22.4 Establishing a Process for Handling Claims of Potential Abuse	22-10
22.5 Corrective Action: Errors and Omissions	22-11
When Family Payment is Incorrectly Established Too High.....	22-11
When Family Payment is Incorrectly Set Too Low.....	22-12
Errors Affecting the Size of the Family’s Unit.....	22-12
Errors That Require the Owner to Repay HAP Amounts.....	22-13

TABLE OF CONTENTS

	<u>PAGE</u>
22.6 Documenting and Collecting Overpayments and Underpayments	22-13
22.6 Corrective Action: Fraud and Abuse	22-14
22.6 PHA Administrative Remedies.....	22-14
22.6 Referrals for Prosecution of Purposeful Misreporting.....	22-16
22.7 Recovery of Program Funds	22-16
22.8 PHA Staffing and Resource Considerations	22-17

CHAPTER 23 FAMILY SELF-SUFFICIENCY

23.1 Chapter Overview	23-1
23.2 Program Requirements: Minimum Program Size.....	23-1
23.2 PHA Option to Operate a Larger Program	23-2
23.2 Exceptions to the Minimum Program Size	23-2
23.3 Design and Administration of Self-Sufficiency Programs	23-3
23.3 Program Coordinating Committee	23-3
23.3 FSS Action Plan.....	23-4
23.3 Program Administration.....	23-5
23.4 The Contract of Participation.....	23-6
23.5 FSS Escrow Accounts.....	23-10
23.5 Disbursement of FSS Account Funds	23-14
23.6 Portability of Family Self-Sufficiency.....	23-18
23.7 Related SEMAP Indicators	23-19
23.8 Welfare-to-Work Vouchers	23-19
23.8 Welfare-to-Work Voucher Selection Criteria.....	23-20

CHAPTER 24 UTILIZATION

24.1 Introduction.....	24-1
24.2 Measuring Utilization	24-1
24.3 Utilization Standards.....	24-2
24.4 Analyzing and Addressing the Causes of Low Utilization.....	24-2
24.5 Techniques for Improving Utilization	24-8
24.6 SEMAP Indicator 13, Lease-Up	24-15